



JOHN NAIMO  
AUDITOR-CONTROLLER

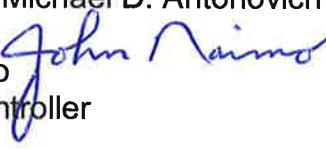
**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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**REVISED**  
**(From January 20, 2016 Report)**

April 7, 2016

TO: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: John Naimo   
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – FISCAL MONITORING OF  
DISPUTE RESOLUTION PROGRAM SERVICES FOR FISCAL YEAR  
2014-15**

Community and Senior Services (CSS) contracts with cities and community based non-profit organizations (service providers) to provide Dispute Resolution Program (DRP) services to individuals, businesses, and organizations in Los Angeles County. DRP services assist in resolving community disputes, day of hearing civil court disputes, and victim-offender disputes.

CSS' DRP contracts are cost-reimbursement contracts which reimburse service providers for actual expenses. At the request of CSS, we contracted with a Certified Public Accounting firm, Simpson & Simpson, LLP (Simpson & Simpson), to conduct fiscal monitoring reviews of the 12 service providers that had contracts with CSS during Fiscal Year 2014-15. CSS awarded approximately \$1.66 million to the DRP service providers during the year.

**Review Summary**

As indicated in the attached schedule, Simpson & Simpson identified approximately **\$291,181** in questioned costs billed to CSS. Specifically, Simpson & Simpson noted:

- **\$78,261** in expenditures that were based on 1/12<sup>th</sup> of the annual contract budget instead of actual expenditures incurred.

- **\$84,915** in payroll expenditures that were not supported with signed timecards.
- \$69,154 in program expenditures that were not supported with adequate documentation.
- \$21,102 in program expenditures that exceeded the maximum allowed for the line item budget.
- \$18,182 in program expenditures that were not approved by the service providers' management.
- **\$19,566 in In-Kind Matching costs that were not supported with adequate documentation.**

In addition, some DRP service providers did not always comply with their County contract requirements and other applicable guidelines. Specifically, of the 12 service providers:

- Seven (58%) did not prepare their bank reconciliations appropriately.
- Three (25%) did not submit invoices to CSS timely.
- Three (25%) did not have adequate segregation of duties in cash handling and payroll functions.
- Four (33%) did not have adequate internal controls over procurement.

The questioned costs for each service provider and contract compliance issues noted in the reviews are detailed in the Attachment.

### **Review of Report**

Simpson & Simpson provided and discussed each report with CSS and each service provider. CSS management indicated that they will resolve the questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

Due to the number of reviews, copies of individual reports are not enclosed; however, the reports are available for your review upon request. If you have any questions please call me, or your staff may contact Peter Hughes at (213) 974-8484.

JN:AB:PH:DC:EB:sk

Attachment

c: Sachi A. Hamai, Chief Executive Officer  
Cynthia D. Banks, Director, Community and Senior Services  
Public Information Office  
Audit Committee

**Community and Senior Services  
Fiscal Monitoring of Dispute Resolution Program Services  
Fiscal Year 2014-15**

	Service Provider	Contract Amount	Paid Amount	Questioned Costs	A	B	C	D	E	F	G	H	I	J
1	Asian Pacific American Dispute Resolution Center	\$ 91,197.00	\$ 88,983.00	\$ 21,218.41		\$ 2,099.57	\$ 2,156.11	\$ 16,833.00	\$ 129.73		X	X	X	
2	California Academy of Mediation Professionals	\$ 152,791.00	\$ 137,155.00	\$ 24,834.45		\$ 14,222.41	\$ 10,612.04				X		X	X
3	California Conference for Equality and Justice	\$ 94,195.00	\$ 78,261.00	\$ 97,827.00 (K)	\$ 78,261.00					\$ 19,566.00				X
4	California Lawyers for the Arts	\$ 31,379.00	\$ 20,919.00	\$ -							X			X
5	Center for Conflict Resolution	\$ 273,406.00	\$ 229,880.00	\$ 31,976.54		\$ 13,500.00	\$ 9,866.33		\$ 8,610.21		X	X	X	X
6	Centinela Youth Services	\$ 253,119.00	\$ 226,109.00	\$ 26,981.56			\$ 24,371.56	\$ 2,610.00			X	X		
7	City of Norwalk	\$ 25,449.00	\$ 20,717.00	\$ 11,101.36				\$ 1,659.00	\$ 9,442.36		X			
8	Korean American Coalition	\$ 18,543.00	\$ 16,995.00	\$ 12,983.00		\$ 2,368.00	\$ 10,615.00				X			
9	Los Angeles County Bar Association Center for Civic Mediation	\$ 79,457.00	\$ 74,462.00	\$ 232.00			\$ 232.00							
10	Los Angeles County Department of Consumer and Business Affairs	\$ 329,159.00	\$ 329,159.00	\$ 15,058.72		\$ 3,757.47	\$ 11,301.25							
11	Loyola Law School Center for Conflict Resolution	\$ 277,005.00	\$ 235,388.00	\$ 48,968.00		\$ 48,968.00								
12	Office of the Los Angeles City Attorney	\$ 274,300.00	\$ 203,391.00	\$ -										
		\$ 1,900,000.00	\$ 1,661,419.00	\$ 291,181.04	\$ 78,261.00	\$ 84,915.45	\$ 69,154.29	\$ 21,102.00	\$ 18,182.30	\$ 19,566.00	7	3	3	4

**Footnotes**

- A Expenditures based on 1/12th of the annual contract budget instead of actual expenditures incurred.
- B Payroll expenditures that were not supported with signed timecards.
- C Program expenditures that were not supported with adequate documentation.
- D Program expenditures that exceeded the maximum allowed for the line item budget.
- E Program expenditures that were not approved by the service providers' management.
- F In-Kind Matching costs that were not supported with adequate documentation.
- G Did not prepare their bank reconciliations appropriately.
- H Did not submit invoices to the Department of Community and Senior Services timely.
- I Did not have adequate segregation of duties in cash handling and payroll functions.
- J Did not have adequate internal controls over procurement.
- K The amount of questioned costs exceeds the contract amount due to inadequate documentation to support In-Kind Matching costs.